



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-507 – Guidelines for General Assembly Nursing Scholarships and Loan Repayment Program Requiring Service in a Long-Term-Care Facility
Department of Health
July 30, 2011

Summary of the Proposed Amendments to Regulation

Chapters 240 and 254 of the 2000 *Acts of Assembly*, directed the Board of Health (Board) to establish a program under which participants receive scholarships or educational loan repayments in exchange for a period of nursing service in a long-term care facility (traditionally known as a nursing home). The Board did not initially promulgate regulations due to the absence of funding. In 2010 it came to the Board's attention that the regulations still had not been promulgated, so they elected to move forward so that regulations could be in place should funding become available in the future. Thus the Board now proposes these regulations to establish a program under which participants receive scholarship or educational loan repayment in exchange for a period of nursing service in a long-term care facility in the Commonwealth.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed regulations establish sections relating to legislative authority and general information, definitions, scholarship rules (eligibility, conditions, number of applications per student, amounts of scholarships, how to apply, deadline dates) and loan repayment rules (administration of the nursing loan repayment program, eligibility, application requirement and restrictions, selection criteria, loan repayment amount, loans qualifying for repayment, repayment restrictions, release of information, effective date for start of service, repayment policy, disbursement procedure, compensation during service, monitoring during service, terms of service, loan repayment contract, breach of contract, waiver and suspension, cash

reimbursement and penalty, and reporting requirements). Placing the requirements of the Nursing Scholarships and Loan Repayment Program Requiring Service in a Long-Term-Care Facility in regulation will be beneficial in that it will reduce uncertainty for potential scholarship candidates.

Businesses and Entities Affected

The proposed regulations affect long-term care facilities, traditionally known as a nursing home, including both skilled nursing facilities and intermediate care facilities depending on the extent of nursing and related medical care provided. The majority of these facilities could be small businesses. In Virginia, there are approximately 280 long-term care facilities that could be affected.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

If funded, implementation of the Nursing Scholarships and Loan Repayment Program Requiring Service in a Long-Term-Care Facility could help alleviate the shortage of nurses in long-term care facilities.

Effects on the Use and Value of Private Property

If funded, implementation of the Nursing Scholarships and Loan Repayment Program Requiring Service in a Long-Term-Care Facility could help alleviate the shortage of nurses in long-term care facilities.

Small Businesses: Costs and Other Effects

If funded, implementation of the Nursing Scholarships and Loan Repayment Program Requiring Service in a Long-Term-Care Facility may marginally reduce the cost of finding and employing nurses for small long-term care facilities.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations do not adversely affect small businesses.

Real Estate Development Costs

The proposed regulations are unlikely to significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.